IN THE CLAIMS:

Please **cancel** claims 2, 4-8, 24, 26-31 and 52-54 without prejudice.

Please **amend** the claims as follows:

C2 1. (Three Times Amended) A pharmaceutical preparation for application to the lower respiratory tract, comprising aerosolized or nebulized inhalable liposomes suitable for administration into the lower respiratory tract combined with povidone iodine.

C3 9. (Three Times Amended) The preparation of claim 1, wherein the liposomes have a size in the range of between 1 and about 50 μm.

10. (Three Times Amended) Amended) The preparation of claim 1, wherein the liposomes have a size in the range of between 20 and about 30 μm for application to the trachea.

C4 11. (Twice Amended) The preparation of claim 1, wherein the liposomes release the povidone iodine over an extended time period.

12. (Twice Amended) The preparation of claim 11, wherein the liposomes release the povidone iodine at approximately the same release rate over the release time period.

C5 14. (Twice Amended) The preparation of claim 1, wherein the preparation further comprises a pharmaceutically acceptable additive.

C6 16. (Three Times Amended) The preparation of claim 1, wherein, the aerosolized or nebulized liposomes are derived from a tablet, a gelatin capsule, a powder, a spray, an emulsion, or a dispersion containing the liposomes and povidone iodine in a pharmaceutically acceptable solid or liquid formulation, which is suitable for the generation of inhalable particles.

17. (Three Times Amended) The preparation of claim 1, wherein said preparation comprises:

(a) liposomes comprising a pharmaceutically acceptable liposome membrane forming substance; and

(b) between 0.1 to 10%, by weight, PVP iodine, wherein the liposomes are in a size between about 1μm and about 50μm.

22. (Three Times Amended) A method of treating infections of the lower respiratory tract in a human or animal comprising administering a pharmaceutical preparation to the lower respiratory tract, said preparation comprising inhalable liposomes combined with povidone iodine.

23. (Three times Amended) A method of providing functional tissue remodeling and repair in the lower respiratory tract in a human or animal comprising administering a pharmaceutical preparation to the lower respiratory tract comprising liposomes combined with povidone iodine.

32. (Three Times Amended) The method of claim 22 or 23, wherein the liposomes have a size in the range between about 1 μm and about 50 μm.

33. (Three Times Amended) The method according to claim 32, wherein the liposomes have a size in the range between 20 μm and 30 μm diameter for application to the trachea.

34. (Twice Amended) The method of claim 22 or 23, wherein the liposomes release the povidone iodine over an extended time period.

35. (Twice Amended) The method of claim 22 or 23, wherein the liposomes release the povidone iodine at approximately the same release rate over the release time period.

36. (Amended) The method of claim 22 or 23, wherein the preparation additionally comprises at least one anesthetically active agent.

37. (Amended) The method of claim 22 or 23, wherein the preparation further comprises pharmaceutically acceptable additives.

38. (Three Times Amended) The method of claim 22 or 23, wherein the liposomes are suitable for administration via nebulization or aerosolization.

39. (Twice Amended) The method of claim 22 or 23, wherein the preparation comprises a tablet, a gelatin capsule, a powder, a spray, an emulsion, or a dispersion containing the liposomes and povidone iodine in a pharmaceutically acceptable solid or liquid formulation, which is suitable for the generation of inhalable particles.

40. (Twice Amended) The method of claim 22, wherein said preparation comprises:

(a) liposomes comprising a pharmaceutically acceptable liposome membrane forming substance; and

(b) between 0.1 to 10%, by weight, PVP iodine, wherein the liposomes are in a size between about 1μm and about 50μm.

41. (Three Times Amended) The method of claim 40, wherein the liposomes are in a size range between 20 μm and 30 μm diameter for application to the trachea.

44. (Twice Amended) The preparation according to claim 9, wherein the liposomes have a size in the range between 1μm to about 30μm.

45. (Twice Amended) The preparation according to claim 1, wherein the liposomes have a size in the range between about 10μm and 20μm diameter for application to the bronchi.

C11 cont'd

46. (Twice Amended) The preparation according to claim 1, wherein the liposomes have a size in the range between 1μm and 6μm diameter for application to the alveoli.

47. (Twice Amended) The preparation according to claim 1, wherein the liposomes have a size in the range between 2μm and 5μm diameter for application to the alveoli.

C12

51. (Amended) The method of claim 22 or 23, wherein the liposomes have a size in the range between about 1μm and about 30μm.

C13

55. (Twice Amended) The method of claim 22 or 23 wherein the liposomes have a size in the range between 10μm and 20μm diameter for application to the bronchi.

56. (Twice Amended) The method of claim 22, wherein the liposomes have a size in the range between 1μm and 6μm diameter for application to the alveoli.

57. (Twice Amended) The method of claim 22, wherein the liposomes have a size in the range between 2μm and 5μm diameter for application to the alveoli.

Please **add** new claims 58-61 as follows:

C14

58. (New) The preparation of claim 17, wherein said liposome membrane forming substance is present in an amount between 1 to 5%, by weight, of the preparation.

59. (New) The preparation of claim 17, wherein said liposome membrane forming substance comprises lecithin.